

“BSC” Business Support Center

Communication on Progress

Year: 2011-2012

STATEMENT OF CONTINUED SUPPORT

BSC is pleased to participate in the UN Global Compact Network and present this Report aimed at fulfilling BSC's reporting requirement to the UN Global Compact and reporting on our commitment in CSR through short enlightenment of our activities in this area.

BSC has been a pioneer in illuminating CSR concept in Armenia since 2004 by initiating the “CSR concept introduction in Armenia” project, which was further scaled up to other larger initiatives aiming to strengthen and advance the supply chain in three agricultural subsectors, tomato, honey and dairy.

The recent years 2011-2012, BSC has been progressing towards this direction by applying various CSR elements in its development projects, particularly with the establishment of agricultural cooperatives in poor rural communities where fair relationship with small-scale farmers in the supply chain and gender sensitive activities is promoted.

Enhancing our reputation and profile is a quantifiable asset, which directly translates into profit. The benefits from acting as socially responsible organization include the enhancement of BSC's reputation in the eyes of our partners and customers as well as increasing their trust in us as a company to do business with, greater customer loyalty and satisfaction. BSC takes an active role in informing both internal and external stakeholders of our business and social achievements. We are promoted through the local media (TV and press), as well as via the company's web site and at events and exhibitions. We have developed good relationships with the local community and international partners as well as contributed to the development of the region we are a part of through providing high quality services.

Having 18-year experience, BSC also recognizes that good environmental performance delivers tangible business benefits such as improved reputation with customers and goodwill with the community. That is why we are on the way of adapting and training others on applying new approaches in business from environmentally safe aspect. BSC believes that environmental awareness and good working conditions are, along with safety and quality, a vital part of good business strategy.

We are constantly striving to include these values in the company's policy.



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Brief description of nature of business

Being the first consulting and training company in Armenia, BSC started its activities in 1994.

BSC Mission is to be a leader and preferred partner in providing solid and dependable consulting, training, research, project evaluation services and creative solutions to business sectors, non-governmental and international organizations and the communities.

For achieving the main goal – businesses and community development, and taking into account new strategic approaches, BSC is concentrating on the following core areas:

- Business Support and Development
- Entrepreneurship Development in Communities
- Strategy Development
- Human Resource Management and Leadership
- Industrial and Regional Development
- Corporate Social Responsibility (CSR)

Among the valuable and important commitments of BSC in social aspect, there is:

- CSR Development Project: performing a Corporate Social Responsibility project from VC and SC development perspectives including:
 - Introduction of CSR, 2004
 - Supply chain and Value Chain analysis, 2005-2006
 - Recommendations on problems solutions and seminars organizations, 2006-2008
 - Strategy paper development in three sectors, 2006-2008
 - Conducting Diagnosis of selected three Leading Companies (LCs) of three sub sectors (honey, milk and tomato) from CSR perspective, 2009
 - Implementing round tables, seminars, trainings, as well as experience sharing from CSR perspective for farmers-suppliers and processors of each LCs, 2009
 - CSR Policy and Action Plan Development for three LCs, 2009
 - CSR Public Awareness Building Campaign, 2009
 - CSR Promotion in Armenia, 2010-2011
 - Establishing agricultural cooperatives in further rural communities in Armenia where fair relationship with small-scale vulnerable farmers within the supply chain and gender sensitivity activities are promoted, 2011-2012
 - Developing feasibility and business plan for “Cleanland” LLC for establishing a waste processing plant that will generate renewable energy from the waste, 2012
 - Developing business plants and investment plants for food production companies where the environmental aspect has been considered closely and many environmentally friendly approaches has been applied, such as installation of solar panels, etc. 2012

BSC has achieved a great deal since 2004 in Corporate Social Responsibility promotion, awareness building, supply chains development and value chains improvement in agriculture in Armenia and was a pioneer in this filed. The great achievements in this area are as follows:

- The stakeholders of VC, particularly, farmers and processors, became more reliable towards each other
- The platform of understanding of common benefits has been created
- The public awareness on CSR issues and benefits at local and international levels has been achieved,
- All players of Value Chain (farmers-processors of three LCs) participated in the projects gained additional and needed knowledge on expenditures calculation, some products’ cost calculation,

product quality standards and export markets demands

- Strategy papers on how to improve their activities and apply CSR in practice were developed
- CSR policy was developed for each of the LCs based on the results of meetings and round-tables
- 1-year action plans were developed by the LCs for CSR policy implementation and Pilot projects were selected (one per LC) and put in action (as a part of an Action Plan)
- Interest of the involved three LCs in distributing CSR principles along the whole Value Chain has been achieved
- The mentality of “mutual benefit through mutual effort” among farmers- suppliers has been achieved
- Active CSR promotional campaign was conducted:
 - Survey was conducted among 50 companies as regards to CSR principles application and demand for CSR payable services
 - A brochure was developed and printed, which introduced the work of BSC since 2004 within CSR
 - First CSR GUIDE book was developed for Armenian Companies and was printed 500 copies in February, 2010. CSR GUIDE book has been developed for owners, directors, stakeholders, employees for the Armenian companies, as well as for those who are interested to know more about CSR concept and its applications. It is considered to be very useful tool for the Armenian Companies for development, implementation and communication of CSR projects and is aimed to serve as the basis and initial position for the correct understanding of CSR concept and the investment of the principles.
 - CSR GUIDE book presentation was organized for Armenian private companies, NGOs and international organizations, which was held on March 19, 2010 in the conference hall of United Nations House.
 - A lot of promotion actions were organized for CSR GUIDE book in 2010-2011: Various articles were printed in the journals and magazines for the dissemination of CSR concept (“AmCham” quarterly business magazine, “Capital” business daily newsletter, Banks.am (Financial Armenia), “Delovoi Express” economic newspaper in Armenia, etc.).
 - CSR GUIDE books were provided to the bookstores of “Bookinist” in Armenia and published about it in the websites of BSC and UN Global Compact
 - BSC participated in the “Youth Discussions Club” Project by providing training program on Corporate Social Responsibility for the undergraduate’s students of Yerevan, Vanadzor, Goris and Gyumri.
 - BSC designed its new Strategy Paper for the upcoming years 2010-2014 where CSR is highlighted as one of the Company’s core directions:
 - **BSC as a CSR service provider** - to introduce fee-based CSR services to the Armenian market
 - **BSC as a Company that practices the CSR** - to ensure BSC’s consistency in the area of CSR
 - **BSC as a Company that promotes the CSR** - to promote the CSR concept in Armenia
 - Open training was organized in BSC conference hall on CSR concept.

Within the frame of the activities’ systematization from the CSR perspective, BSC has developed a Code of Conduct as a guideline, where a set of rules and human rights’ protection norms and other milestones presented. This paper helps maintain a focus on certain values in the minds of BSC staff in terms of fair

Labour conditions. BSC continues to inform and educate the staff about the contents of the Guideline as a means of ensuring compliance.

BSC posted the contents of CSR projects and services on the Internet as one of six core areas of BSC activities in order to increase use of the Internet for communicating Corporate Responsibility issues and regularly revise BSC site on that topic. In 2008 BSC published and spread a booklet on CSR projects that summarized all CSR projects and those results and effects in Armenian society achieved during the last four years. In 2009 BSC conducted negotiations with several companies abroad (mainly Russia: CSR Forum Russia (www.csrforum.ru)) for provision of CSR payable services like social audit and reporting, trainings and seminars, CSR forum organizations, experience exchange, etc. During 2010-2011, BSC implemented follow-up activities with Svetlana Sutugina (CSR Forum Russia representative) by discussing, making changes and summarizing the future plans related to the CSR Services of BSC. In order to raise awareness and further improve understanding of social responsibility (concepts, visions, importance of standards, etc) BSC participated in ISO 26000 national Workshop on Social Responsibility, which was held in Yerevan in 2010. In 2011, BSC participated in CSR training on “Sustainable Trade Opportunities” topic organized by CBI Ministry of Foreign Affairs, Rotterdam, in the Netherlands.

BSC has been also promoting CSR through investment projects (Clean land – waste processing factory to generate energy, installation of solar panels, etc.), 2012

In 2011-2012 BSC has been bringing a greater emphasis on gender issues by implementing projects where gender equality is promoted, particularly in rural communities of Armenia where women have restricted rights and power.

Joining the United Nations Global Compact initiative comprised another important step. Our membership in the UN Global Compact is like a signal to our employees and other stakeholders that we take our commitment to the sustainable development of BSC’s business seriously.

| PRINCIPLE 1 | | BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS |
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| Actions | Actions taken | |
| | <p>Commitment: Our company expresses the respect towards the protection of internationally proclaimed human rights by taking its responsibility in this filed.</p> <p>System: We have implemented a system for checking and recording that both local and international employees (permanent and free-lance) involved in various projects are paid at least minimum wage, and avoid excessive overtime hours.</p> <p>Activities: As a result the following activities can be observed:</p> <ul style="list-style-type: none"> • Provision of safe and healthy working conditions for all local and international workers • Provision of access to basic health, education for all workers • Work to protect the economic livelihood of local communities | |
| Outcomes | Measurement of (expected) outcomes and value added for our company | |
| | <ul style="list-style-type: none"> • Business Conduct Guideline (Code of Conduct): • Company policy and strategy to support human rights and fair working conditions • Human rights management system | |

| PRINCIPLE 2 | BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES |
|-------------|---|
| Actions | <p>Actions taken</p> <p>Commitment: Within the scope of this voluntary alliance, we strive to uphold human rights and fair labor conditions.</p> <p>System: We believe that via team spirit and transparent attitude with personnel and partners, BSC can achieve good results. At the same time, the development of new Business Conduct Guideline helps clearly define responsible behavior in a company. This framework provides a significant contribution to ensuring legal and ethical behavior in day-to-day work of our employees, including for example:</p> <ul style="list-style-type: none"> • Explicit policies that protect the human rights of workers in the company's direct employment and throughout its supply chain of services • Employees work at office no more than maximum hours stated in labor code of RA • Elimination of use of child labor <p>Activities: The practical activities undertaken in the past two years are:</p> <ul style="list-style-type: none"> • Regular retreat sessions with BSC staff on human rights • Human rights assessment at BSC and in other companies in the scope of various consulting, training, evaluating and research projects • Recommendations' provision on how the certain company does and how to identify the risk of involvement in human rights abuses and the company's potential impact on the situation • Ongoing staff training on how human rights issues can be affected by business • Ongoing staff training on internal company policies as they relate to human rights • Moreover, regular employee's meetings and discussions have created the necessary platform for facilitating a greater degree of involvement of our employees in shaping the company. |
| Outcomes | <p>Measurement of (expected) outcomes and value added for our company</p> <ul style="list-style-type: none"> • All our employees are well treated, fairly appraised on an annual basis, and compensated financially and morally based on their achievements and work. • GRI HR 3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained – 100% of BSC staff and about 500 external participants as a result of 30 trainings conducted and facilitated by BSC during open and close trainings on HR management basics, ethics, art of HR management. |

| PRINCIPLE 6 | BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION |
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| Actions | <p>Actions taken</p> <p>Commitment: BSC commits with this principle in terms of elimination of any discrimination in respect of employment and occupation inside and outside the company by proclaiming norms and regulations via Code of Conduct development as well as by training others in these issues and by implementing gender sensitive projects, particularly in rural areas of the country.</p> <p>System: BSC proclaims high-level responsibility for equal employment opportunity issues, clear business policy and procedures to guide equal employment opportunity practices, not depending on the gender, age, cultural, geographic, socio-economical origin, or religion of the employees. BSC leads Human Resources Management policies and procedures, which make qualifications, skills and experience the basis for the recruitment, placement, training and advancement of staff at all levels in the company. The company is also committed to employee welfare and sustainable employment.</p> <p>Activities: BSC has developed Human Resources Management policy on no discrimination and equal opportunity program, including such points as equal job and professional opportunities not depending on the gender of employees at all levels; opportunity of a further education program in local and international institutions as a training opportunity to both young and older employees; encouragement of flexible working hours for women employees with children, etc.</p> <p>BSC organized and provided educational or awareness programs on themes of HR management, Art of HR, Labor Code, Rights Protection, Gender Issues, Empowerment including equal job and professional opportunities at all levels in the organizations, without discrimination due to gender, age, race, cultural, geographic or socio-economical origin, religion, or others, of the employees inside and outside of the country to clients.</p> <p>Strategy papers on strengthening the CSR activities (partly touched upon the Code of Conduct) and adaptation of proper HR management in three sectors of Armenia were developed. Based on the experience from all CSR projects BSC developed CSR Policy and Action Plan (focused also the HR management) for selected three LCs. In BSC's Strategy paper for 2010-2014 BSC designed CSR activities where it also emphasized the HR management.</p> <p>According to the BSC Code of Conduct, the employees of the company have an opportunity to gain additional skills and knowledge in the scope of skills development program.</p> <p>BSC provided consultancy services, on the adoption of voluntary charters, codes of conduct, codes of practice in global and sector initiatives, related to not discrimination at businesses.</p> <p>BSC established three women agricultural cooperatives to empower rural women to have equal social and economic opportunities in three rural communities in Vayots Dzor region of Armenia.</p> |

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| Outcomes | Measurement of (expected) outcomes and value added for our company |
| | <ul style="list-style-type: none"> • As a result, BSC employees gained additional skills through attending extra trainings assigned according to BSC strategy and HR management policy- annually about 4 trainings per employees. • Strategy Papers and developed CSR Policies provided an opportunity for these sectors' market players to be responsible for their activities to society, people and environment. • About 960 trained persons gained special skills on Human Resources and Gender, including equal job and professional opportunities, on discrimination disadvantages at work and in businesses, provided by BSC during the last two years. • In 2012 BSC established three rural women agricultural cooperatives in Vayots Dzor region of Armenia. • GRI LA 13 <ul style="list-style-type: none"> - Composition and breakdown of BSC top management, according to gender (and other indicators of diversity)- 1/1 - Composition and breakdown of BSC board, according to gender (and other indicators of diversity)- male 2/ female 1 - Composition and breakdown of BSC staff, per management level, according to gender (and other indicators of diversity)- male 3/ female 11 |

| PRINCIPLE 8 | | BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY | |
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| Actions | Actions taken | | |
| | <p>Commitment: As part of our environmental commitment, serving as an example we train others to use and make environmentally safe tools and activities.</p> <p>System: Development of consulting services and trainings on:</p> <ul style="list-style-type: none">• adoption of voluntary charters, codes of conduct• how to work with suppliers to improve environmental performance (supply chain management in CSR project)• introduction of the elements of improving environmental management systems <p>Activities: In scope of this initiative we made the following activities:</p> <ul style="list-style-type: none">• Supply chain management and collaborative projects with suppliers and processors in agricultural sphere were developed• Strategy papers in each sub sectors of agriculture sphere (milk, honey and tomato) were developed• Value Chains were developed from CSR perspective• Training on advanced environmental awareness (e.g. “Practice of “Law on environment” as a factor of successful business” training) among private and public sectors was provided• Ideas and proposals on environment issues developed• Training on advanced environmental awareness was provided for the University undergraduate students of Yerevan, Vanadzor, Goris and Gyumri• Development of investment project on waste processing plant | | |
| Outcomes | Measurement of (expected) outcomes and value added for our company | | |
| | <ul style="list-style-type: none">• GRI SO 5 Public policy positions and participation in public policy development and lobbying-Positive and appreciated interests and feedbacks from projects and trainings’ participants and their willingness to apply the trained material in practice, e.g. less use of chemicals, periodical cleaning activities, not pollute the environment, proper and effective use of water. | | |

| PRINCIPLE 10 | | BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY |
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| Actions | Actions taken | |
| | <p>Commitment: We commit to taking anti-corruption measures and eliminating any display of corruption. BSC believe that transparency is the only way forward for a better economy.</p> <p>System: In the Company, it is clearly fixed that no employee is allowed to deal with any corrupt practices especially in the areas of procurement, payroll, contracting, and deals. In the moment of the new employees' recruitment, they are informed about prevention of corrupt practices in all types.</p> <p>This approach is stated in human resources management systems (as the Code of Conduct) supporting the ethical behavior of employees.</p> <p>Activities: The practical activities undertaken in the past years are as follows:</p> <ul style="list-style-type: none"> • Internally the top management controls upon all expenditures to ensure that all the budgets are spent properly according to company's policies and plans. • Externally it is not permitted any sort of briberies and extortion • Training of employees and clients (e.g. a training program for all employees regarding how to identify bribery and corruption) | |
| Outcomes | Measurement of (expected) outcomes and value added for our company | |
| | <ul style="list-style-type: none"> • BSC Code of Business Conduct and Ethics • Annually about 50 persons (clients) trained on ethics and anti-corruption issues • GRI SO 3 Percentage of employees trained in organization's anti-corruption policies and procedures- 100%- all employees took ethics trainings • GRI SO 5 Public policy positions and participation in public policy development and lobbying.- BSC's participation in public discussions on anti-corruption theme | |

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| PRINCIPLE 3 | BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING |
| PRINCIPLE 4 | BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR |
| PRINCIPLE 5 | BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR |
| PRINCIPLE 7 | BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES |
| PRINCIPLE 9 | BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES |
| It is not yet relevant to BSC business. In future it is planned to be a part of the rest principles. | |

How do you intend to make this COP available to your stakeholders?

⇒ The COP will be shared with the company's stakeholders through usage of various tools. Our stakeholders are staff, external experts, shareholders and clients, partners and investors. The company's achievements in the area of responsible entrepreneurship will be primarily announced to the public in seminars, workshops, staff and general meetings, as well as via internal notice boards and memos, the company's web site and UN Global Compact website, brochures, newsletters, business magazines and press releases.

BSC has a very open communications strategy and policy. We tell our personnel, clients, partners and other groups such as investors about our achievements and activities by using the mentioned tools. We have our link in various websites in order to view BSC website and be informed with the latest information of projects, services and other subjects related to our operations and activities. Professional magazines are used to spread technical, reference, projects', activities' information.

During the upcoming year of 2013 the following activities are planned to be carried out:

- BSC is planning to finalize its CSR Strategy for three years
- Taking into account, BSC's engagement in CSR and rising opportunities for new CSR applications in Armenia, BSC has an initiative to undertake a CSR Awareness Building and Promoting project in Armenia by creating a CSR web portal. Presently BSC has developed a proposal to attract funding for this project that aims to act as a new source and a sharing platform for all interested CSR active companies.
- BSC's upcoming plan is to develop and design few new specific services on CSR that will be offered to the local market such as CSR Concept and Application, CSR Strategy Development, CSR audit, Value chain analysis and improvements, etc.
- With a purpose of bringing its contribution for vulnerable groups in the society, BSC is planning to organize free training programs for handicapped and disabled people in Armenia. As well as conduct trainings for active groups of students in the universities by building their skills and knowledge on entrepreneurship and promoting CSR concept among the new generation.
- BSC has signed new contracts on implementing agriculture and rural development project in the regions of Armenia having small-scale farmers as its target beneficiaries in agricultural value chain. Within the framework of these projects BSC is planning to maximize the integration of CSR principles and concepts in all levels of its value chain interventions.